Africans Gain Access to U.S. Market Through AGOA

Gregory Simpkins runs Benin business seminars

By Lindsey Brooks
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Washington -- Businesspeople and government officials from Benin recently benefited from a seminar held in their country, which provided information about how African businesses can take advantage of the African Growth and Opportunity Act (AGOA), a law that allows countries in sub-Saharan Africa generous access to the U.S. market.

"There is a need for clarity about what the real opportunities in the U.S. are" for African countries, said Gregory Simpkins, an Africa policy specialist and vice president of The Foundation for Democracy in Africa (FDA). He also served on the House Subcommittee on Africa, during which he worked on the passage of legislation, including AGOA.

Simpkins went to Benin as part of the West Africa Economic Support Program, an economic policy support program funded by the U.S. Agency for International Development (USAID).

He explained that the FDA program included a two-day seminar that dealt with how to use AGOA, how to market goods to the United States, the impact of globalization, the need for economic competitiveness, and public-private partnerships. "This gives businesses a good idea of how the products they want to sell fit into the world market," Simpkins said.

The program uses AGOA as the jumping-off point to create public-private partnerships in West African countries and to establish matchmaking between West African and American entrepreneurs.

"The program is a useful exercise, using AGOA as the base to expand American and African trade," Simpkins said. He said he has seen how AGOA is expanding trade in Africa and has found a positive response from the four West African countries the program operates in, which are Mali, Nigeria, Senegal, and Benin. He said he is "very optimistic that the four countries can do a lot better" in trade relations in the future.

AGOA was signed into law on May 8, 2000, by President Clinton as part of the Trade and Development Act of 2000. The act helps African countries open their economies and build free markets by reinforcing reform efforts, providing improved access to U.S. credit and technical expertise, and offering economic incentives.

These incentives include allowing reforming African countries the most liberal access to the U.S. market available to any country that does not have a Free Trade Agreement with the United States. Also, AGOA authorizes the president to grant duty-free treatment for a variety of products, including textiles. For textiles, AGOA offers unlimited quota-free and duty-free access to the U.S. market for apparel made in Africa under certain conditions.

Preferential treatment is granted to the 36 African nations deemed eligible to participate in AGOA because of their efforts in economic and political reform.

According to President Bush at the first U.S.-Sub-Saharan African Trade and Economic Cooperation Forum on October 29, 2001: "No nation in our time has entered the fast track of development without first opening up its economy to world markets. The African Growth and Opportunity Act is a road map for how the United States and Africa can tap power of markets to improve the lives of our citizens."

Amendments to AGOA, known as AGOA II, were signed into law by President Bush on August 6, 2002, as part of the Trade Act of 2002. AGOA II, designed to improve and clarify some of the specific provisions not addressed in the original legislation, substantially expands preferential access of imports from sub-Saharan African countries.

In 2001, African exports to the United States under AGOA went up appreciably. U.S. apparel imports from Africa, for example, increased by 28 percent. At the same time, trade in automotive products in both directions grew rapidly.

According to Mark Bellamy, the principal deputy assistant secretary of state for African affairs, AGOA is a "singular success." Recently he told a seminar at the State Department that in the past six months AGOA-related trade has increased substantially. "In textiles, exports to the U.S. jumped by 700 percent," he said.

But for Simpkins, AGOA's potential has barely scratched the surface. "There is a lack of understanding about what can be done" to make AGOA work even better, he said. "Businesses are not taking advantage of goods that are duty-free."

According to Simpkins, the West African region is better positioned to access the U.S. market "because it is closer to the U.S.," and that is why it was chosen to participate in the FDA program. "The products are there, ... the entrepreneurs are there, they just need to be refined. There is the possibility for significant increase" in trade in the region, he added.

The FDA also plans to begin a second phase of its program that will bring technical assistance to the participating countries. In addition, the FDA plans to host a one-day seminar on doing business in Africa for businesspeople interested in U.S. trade and government officials involved in trade policy.

back to top